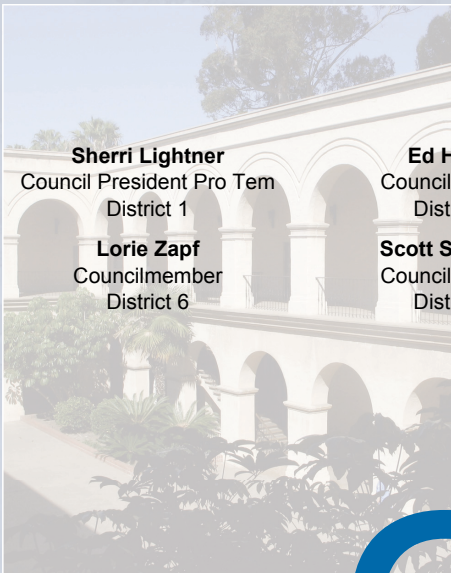


CITY OF SAN DIEGO



PROPOSED BUDGET

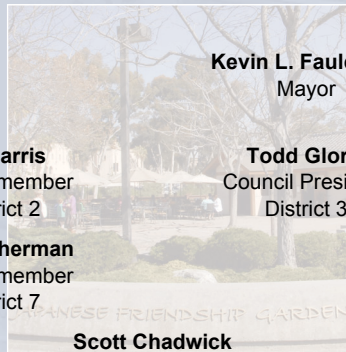


Sherri Lightner
Council President Pro Tem
District 1

Lorie Zapf
Councilmember
District 6

Ed Harris
Councilmember
District 2

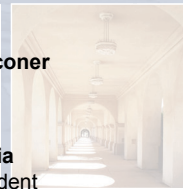
Scott Sherman
Councilmember
District 7



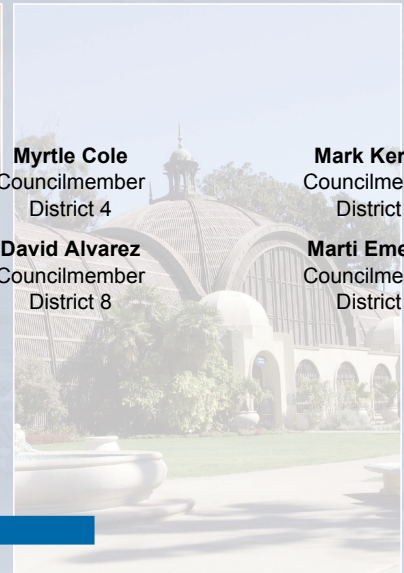
Kevin L. Faulconer
Mayor

Todd Gloria
Council President
District 3

Scott Chadwick
Chief Operating Officer



Jan Goldsmith
City Attorney

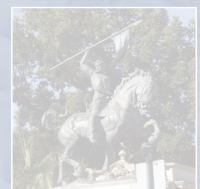


Myrtle Cole
Councilmember
District 4

David Alvarez
Councilmember
District 8

Mark Kersey
Councilmember
District 5

Marti Emerald
Councilmember
District 9



2015

FISCAL
YEAR

VOLUME 2 Department Detail



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GOVERNMENT FINANCE OFFICERS ASSOCIATION

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Budget Presentation
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For the Fiscal Year Beginning

July 1, 2013

Executive Director

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Certificate of Award

Operating Budget Excellence Award Fiscal Year 2014

Presented to the

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For meeting the criteria established to achieve the Operating Budget Excellence Award.

February 11, 2014



Pauline Marx

Pauline Marx
CSMFO President

Ken Brown

Ken Brown, Chair
Professional Standards and
Recognition Committee

Dedicated Excellence in Municipal Financial Reporting

Disclaimer

Pursuant to the City Charter, the Mayor proposes, and the City Council is responsible for enacting, an annual budget.

The annual budget is developed during the six to nine month period preceding the start of each fiscal year using economic and financial assumptions that reflect the best information then available. Such assumptions are updated during the budget process but actual economic and financial conditions may differ materially from those assumed.

The annual budget is intended for use by the City Council and the citizens of the City and is not intended as information to reach investors and the trading markets. The City does file its official statements for bond offerings, audited financial statements, comprehensive annual financial reports, annual financial information, material event notices, and voluntary disclosures with the Municipal Securities Rulemaking Board (MSRB) and posts such information on the City's investor information webpage. The annual budget will not be filed with the MSRB or posted on such webpage and should not be relied upon by an investor as projections of economic and financial conditions in determining whether to buy, hold, or sell a security that is secured directly or indirectly by City revenues.



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Mayor's Budget Message



THE CITY OF SAN DIEGO

To the Members of the City Council and the Residents of San Diego:

I am pleased to present you with a balanced **Fiscal Year 2015 Proposed Budget**. This budget plan is the culmination of the hard work, dedication and collaboration of elected officials, City departments, San Diego residents and community partners. Demonstrating the City's commitment to financial sustainability and prudent financial management practices, this proposed budget puts neighborhoods first by prioritizing infrastructure investments, critical public safety needs, increasing funding for neighborhood services, support for the homeless, and enhanced transparency and open data initiatives.

Additional funding for programs that are important to San Diegans was possible thanks to the City's conservative fiscal policies and long-term financial planning practices. The City has made great progress in addressing the unsustainable pension and retiree health care costs and strengthening its reserve policies. Our economy has continued to grow at a modest pace in all major revenue categories. While this growth may not return to prerecession levels, the economic growth projected for next year continues to prove sustainable and is included in the Fiscal Year 2015 Proposed General Fund Budget.

In addition, all City departments have been asked to continue to provide innovative ideas for cost reductions and efficiencies, encouraging a culture of continuous improvement and open communication.

The total Fiscal Year 2015 Proposed Budget is \$2.97 billion. This includes \$1.18 billion for General Fund operations and \$1.49 billion for operations of the City's Enterprise Funds and all other funds. In addition, \$298 million is budgeted for capital improvement projects across the City.

Investing in Infrastructure

Road and infrastructure repair are a top priority in this proposed budget. More than 50% of major revenue growth is directed toward funding for streets and neighborhood repairs throughout San Diego's communities. These repairs and capital improvement projects are detailed in the pages that follow. They include street and sidewalk repairs and replacements, parks infrastructure, streetlights, fire stations, storm drain maintenance and facilities maintenance.

Investing in infrastructure is central to improving the quality of life for all San Diegans as well as addressing the backlog of the City's deferred maintenance repairs and improvements. To ensure more effective allocation of tax dollars and prioritization of capital improvement projects, the Proposed Budget provides funding for condition/needs assessments of City facilities, streets and park assets.



Mayor's Budget Message

The Proposed Budget includes the City's planned capital bond program to assist in the long-term financing of infrastructure projects. It increases the cash contribution from the General Fund toward infrastructure improvements.

Public Safety

Every San Diegan deserves to feel safe in his or her neighborhood. That starts with allocating more resources to police, fire and lifeguard services.

Retaining and recruiting police officers to grow and strengthen the shrinking San Diego Police Department is an essential focus of the Fiscal Year 2015 Proposed Budget. This budget increases funding to retain sworn officers and adds sworn and civilian positions. In fact, the increase to sworn police positions exceeds the recommendations in the Police Department Five-Year Plan for Fiscal Year 2015. Increases for additional police academy attendees, body cameras, police retention initiatives and safety equipment are included in the proposed budget.

Safe communities require well staffed and equipped firefighters and emergency first responders. This budget includes increased funding for two additional fire academies to address expected retirements in Fiscal Year 2015. It incorporates staffing and operational needs for a temporary fire station in Skyline and allocates monies to the Fast Response Program as recommended in the Citygate report. These public safety investments will help improve emergency response times.

San Diego's beaches and bays are a significant attraction to residents and visitors each year. City lifeguards are responsible for providing the highest quality safety services in the coastal and aquatic environment. This budget proposes additional lifeguard positions and facility improvements for the Boating and Safety Unit, which is consistent with top priorities from the recent Lifeguard Division Five-Year Needs Assessment report.

Revitalizing Communities

Residents across San Diego deserve equal access to livable, walkable, and economically thriving communities. Libraries, park and recreation facilities, after-school programs and effective community planning are key to creating healthy and vibrant neighborhoods.

The Fiscal Year 2015 Proposed Budget includes funding increases to expand library hours, support after-school programs at libraries, partner with the San Diego Workforce Partnership's "Connect2Careers" program serving local youth, and staffing and operational support for several new recreation facilities expected to become fully operational during the fiscal year.

In addition to these services, this budget includes increases in staff to allow for more community plan updates – the blueprints for community development and growth. By updating community plans, the City can incentivize economic revitalization and create flourishing neighborhoods with better transportation options and improved access to services.

This budget also reflects a commitment to providing homeless services – with a renewed focus on permanent solutions to ending homelessness. In total, \$1.9 million is proposed for programs

Mayor's Budget Message

that connect the homeless with housing opportunities and rehabilitative services that transform lives.

Open Government

Increasing transparency using technology is a priority in the Fiscal Year 2015 Proposed Budget. The public should be able to use online resources to easily search and track City projects, public contracts, budgets, capital assets and long-term planning and financial information. Increased funding has been included to create an Open Data Officer position that will oversee the implementation of an open data policy and engage with the public to create improved access to City data and information. This budget also proposes to increase funding to support the continued storage and retention of City emails.

One significant change to this proposed budget that increases transparency and assists fiscal planning is the inclusion for the first time of an updated 5-year outlook that shows projected revenues and expenditures over the next 5 years if this budget is adopted as proposed. This section can be found in the final pages of the Executive Summary.

Sensible Financial Management

The City's strong fiscal health is the result of strong financial management policies, well established long-term financial planning and a willingness to address pension and retiree health care costs head on. Credit rating analysts have cited the City's conservative fiscal management, pension and retiree health care reform, financial reporting practices, solid financial operations, significant expenditure controls, and a commitment to general fund balance and reserves preservation as key drivers to the City's strong credit rating. A robust credit rating equates to a lower cost of financing infrastructure and lower costs to residents. In February 2014, the City Council unanimously approved an increase to the General Fund Reserve levels from 8% to 14%. This commitment to fiscal stability and good fiscal management continues to support a healthy financial future. The Fiscal Year 2015 Proposed Budget protects these enhanced General Fund reserves while allowing for increases in the priority projects identified above.

As a result of the five-year labor agreements with the six recognized employee organizations, the Fiscal Year 2015 Proposed Budget benefits from savings from a continued pensionable pay freeze. These agreements bring certainty in the cost of labor, which is important for future budgets and resource allocation. The proposed budget also includes efficiency savings and cost reductions accrued from previous managed competitions.

Conclusion

The Fiscal Year 2015 Proposed Budget prioritizes services and programs that will help us create "One San Diego" where all neighborhoods can thrive, more San Diegans have access to economic opportunity, and City government is open and transparent. This budget proposal increases funding for infrastructure improvements and public safety, continues to restore

Mayor's Budget Message

neighborhood services, funds homeless programs and open data initiatives, and maintains the recently enhanced General Fund reserve levels.

I want to thank the City Council for its dedication and collaboration during the budget adoption process. I also want to thank our City employees for their continued commitment to providing outstanding service and ensuring a balanced, accurate and transparent budget. Finally, I thank the people of our great city for their partnership in creating a better San Diego.

Sincerely,



Kevin L. Faulconer
Mayor

City Officials



Kevin L. Faulconer
Mayor



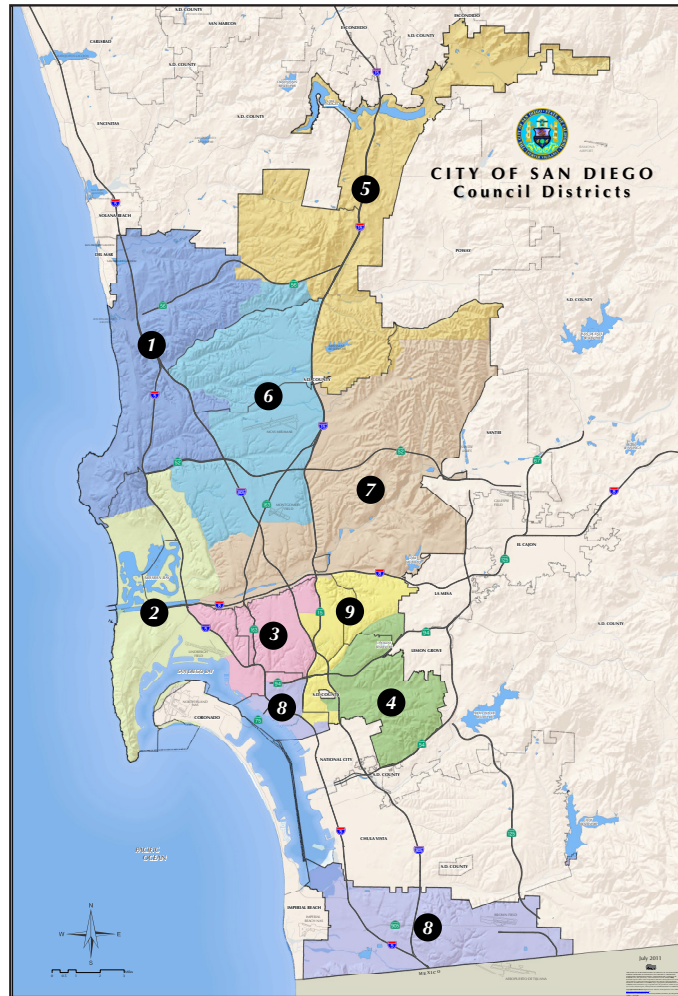
Sherri Lightner
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District 9



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Chief Operating Officer



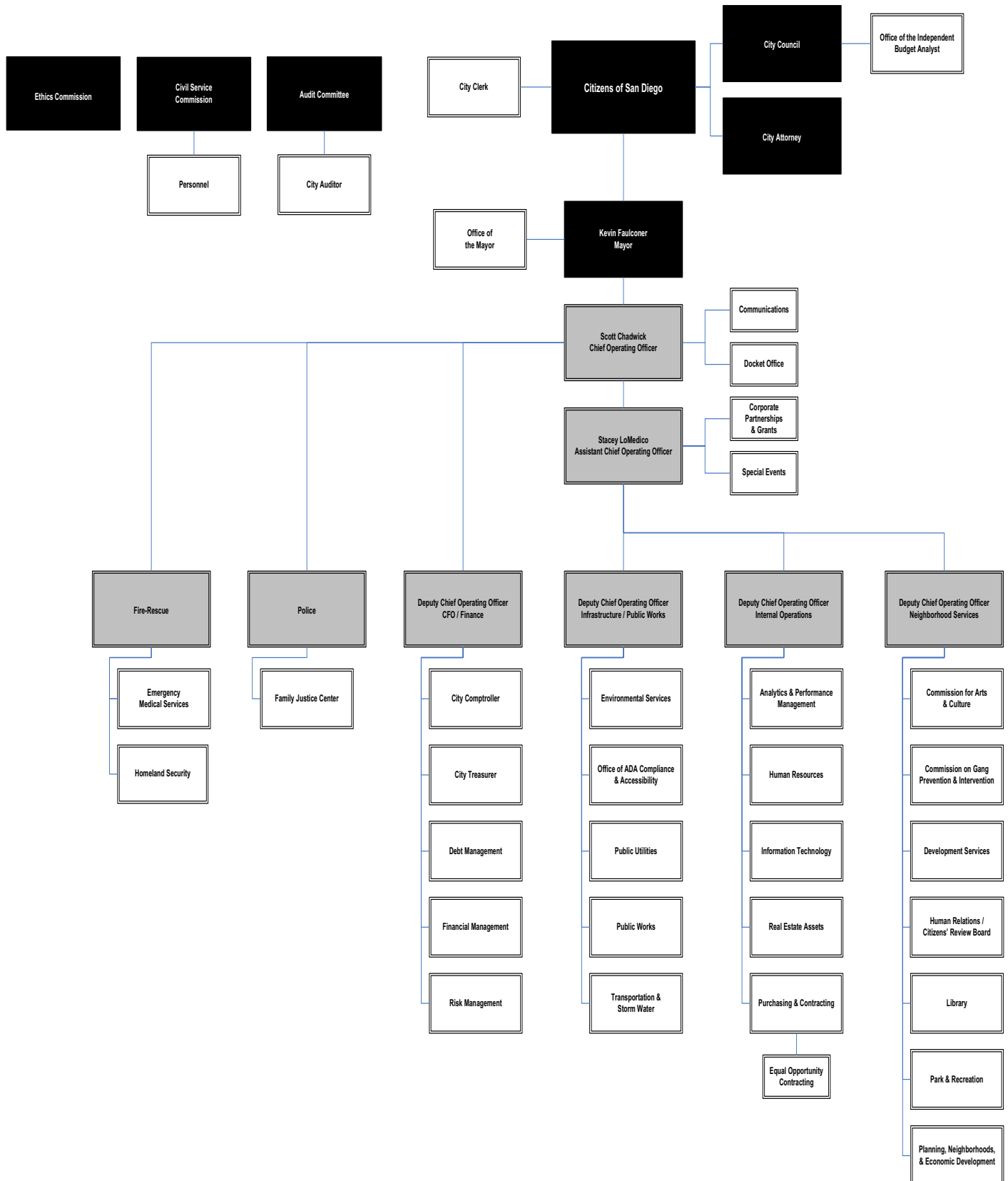
Jan Goldsmith
City Attorney



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Citywide Organizational Structure

City of San Diego Organization (All City Functions)



Vision Statement

SAN DIEGO
"America's Finest City"



OUR VISION

We are a well-managed City government supporting a thriving and sustainable San Diego - America's Finest City

OUR MISSION

A fiscally-sound city government that provides effective services to our residents and visitors

OUR VALUES

DIVERSITY

we treat each person with dignity, fairness, and respect; we respect the diversity of our workforce and our community

ONE CITY

we work as a team across all boundaries to achieve more

INTEGRITY

we demonstrate honor in all we do, we do the right thing

ACCOUNTABILITY

we take responsibility for our actions and for delivering results

SERVICE

we are responsive to the needs of our community, we are proud to deliver City services with excellence

OPENNESS

we are honest and open as we do our work

Guide to the Budget

Volume II

Introduction

Volume II contains the budget information for City departments and programs. The following sections may be included in the commentaries:

- Department Description
- Goals and Objectives
- Service Efforts and Accomplishments
- Key Performance Indicators
- Department Summary
- Department Expenditures
- Department Personnel
- Significant Budget Adjustments
- Expenditures by Category
- Revenues by Category
- Personnel Expenditures
- Revenue and Expense Statement

Department Description

This is a brief overview of the department that describes its history and the services it provides. It also includes the department's mission statement. This section can be found in the budget narratives contained in Volume II.

Goals and Objectives

This section describes the goals and objectives that make up the action plan for the department. The City Strategic Plan goals are broad areas of focus for the City and are intended to be supported by each Mayoral department. Strategic objectives are more specific, mid-term achievements that will help the City achieve its goals. The objectives are designed to be evaluated annually and updated as necessary in order to respond to new challenges and demands of City residents, as well as to unexpected changes (e.g., economic, physical) to the environment.

Key Performance Indicators

This section lists the key performance measures chosen by the department. Each indicator was selected based on one or more of the following reasons: it reflects the priorities of the department; it is considered useful in achieving the City's Strategic Plan goals and objectives; it shows department responsibilities highlighted as a result of Mayoral responses to audit, IBA reports, or Council action; or it best reflects the results or outcomes of the department's primary responsibilities rather than workload or volume of work performed. While the performance indicators listed in this section may reflect multiple department goals and objectives, those that are most closely identified by the indicator are identified in parentheses. Actual figures for Fiscal Year 2013 have been included for each performance indicator, as well as estimated target Fiscal Year 2014 and Fiscal Year 2015 information.

Guide to the Budget

Volume II

Service Efforts and Accomplishments

This is a narrative describing major efforts and achievements of a department. Programs, grants, and other major activities not included in the tactical plan are included at the discretion of the department. This area is appropriate for describing milestones met, services provided, accomplishments, as well as awards and special recognitions that the department has received.

Department Summary

The Department Summary table summarizes positions, expenditures, and revenue. Grant Funds and Capital Funds are not included.

Department Summary

	FY2013 Actual	FY2014 Budget	FY2015 Proposed	FY2014–2015 Change
FTE Positions (Budgeted)	100.00	103.26	102.76	(0.50)
Personnel Expenditures	\$ 11,282,177	\$ 13,226,451	\$ 12,724,460	\$ (501,991)
Non-Personnel Expenditures	35,344,717	31,246,476	28,186,026	(3,060,450)
Total Department Expenditures	\$ 46,631,481	\$ 44,472,927	\$ 40,910,486	\$ (3,562,441)
Total Department Revenue	\$ 46,423,929	\$ 39,341,843	\$ 37,829,157	\$ (1,512,686)

Department Expenditures and Personnel

The Department Expenditures and Department Personnel sections display expenditures and positions by fund and division.

Department Expenditures

	FY2013 Actual	FY2014 Budget	FY2015 Proposed	FY2014–2015 Change
Financial & Support Services	\$ 1,396,815	\$ 2,370,223	\$ 2,568,902	\$ 198,679
IT Services Sourcing	3,865,579	2,528,773	1,520,907	(1,007,866)
Information Technology	4,613,644	5,334,308	5,259,843	(74,465)
Total	\$ 9,876,038	\$ 10,233,304	\$ 9,349,652	\$ (883,652)

Department Personnel

	FY2013 Budget	FY2014 Budget	FY2015 Proposed	FY2014–2015 Change
Financial & Support Services	6.00	10.00	10.00	0.00
IT Services Sourcing	11.00	6.00	6.00	0.00
Information Technology	15.00	23.00	23.00	0.00
Total	32.00	39.00	39.00	0.00

Note: In some instances, the sum of individual expenditure line items may not match the bottom-line totals due to rounding.

Guide to the Budget

Volume II

Significant Budget Adjustments

The Significant Budget Adjustments section lists key program and personnel changes by fund. Position adjustments are included and impacts of adjustments are described.

Significant Budget Adjustments

	FTE	Expenditures	Revenue
Motorola Maintenance Contract	0.00	\$ 250,000	\$ -
Adjustment to reflect the addition of non-personnel expenditures to support the maintenance agreement with Motorola for the City's P25 radio system.			
P25 Radio System Financing	0.00	160,000	-
Adjustment to reflect the addition of one-time expenditures for sales tax associated with financing of the P25 radio system.			

Expenditures by Category

The Expenditures by Category table represents how a department's budget is distributed within major expenditure categories.

Expenditures by Category

	FY2013 Actual	FY2014 Budget	FY2015 Proposed	FY2014–2015 Change
PERSONNEL				
Personnel Cost	\$ 50,026	\$ 117,460	\$ 118,102	\$ 642
Fringe Benefits	41,120	100,264	95,676	(4,588)
PERSONNEL SUBTOTAL	91,146	217,724	213,778	(3,946)
NON-PERSONNEL				
Supplies	\$ 33	\$ -	\$ -	\$ -
Contracts	638,902	494,477	687,717	193,240
Information Technology	823,135	872,837	1,004,431	131,594
Other	1	-	-	-
Transfers Out	167	-	-	-
NON-PERSONNEL SUBTOTAL	1,462,237	1,367,314	1,692,148	324,834
Total	\$ 1,553,384	\$ 1,585,038	\$ 1,905,926	\$ 320,888

Revenues by Category

The Revenues by Category table displays budgeted revenues by category.

Revenues by Category

	FY2013 Actual	FY2014 Budget	FY2015 Proposed	FY2014–2015 Change
Rev from Money and Prop	\$ 904	\$ -	\$ -	\$ -
Rev from Other Agencies	77,885	195,303	195,303	-
Transfers In	1,420,972	1,420,971	1,605,758	184,787
Total	\$ 1,499,761	\$ 1,616,274	\$ 1,801,061	\$ 184,787

Guide to the Budget

Volume II

Personnel Expenditures

The Personnel Expenditures section displays the number of budgeted positions, salary amounts by job classification, special assignment pays, and fringe benefits.

Personnel Expenditures

Job Number	Job Title / Wages	FY2013 Budget	FY2014 Budget	FY2015 Proposed	Salary Range		Total
FTE, Salaries, and Wages							
20000175	Applications Programmer 2	1.00	1.00	1.00	\$66,768 - \$80,891	\$	66,768
20000377	Information Systems Technician	1.00	1.00	1.00	42,578 - 51,334		51,334
FTE, Salaries, and Wages Subtotal		2.00	2.00	2.00	\$		118,102
		FY2013 Actual	FY2014 Budget	FY2015 Proposed	FY2014–2015 Change		
Fringe Benefits							
Employee Offset Savings		\$ 513	\$ 2,516	\$ 2,516	\$ -		
Flexible Benefits		6,076	16,971	15,454	(1,517)		
Long-Term Disability		301	632	409	(223)		
Medicare		754	1,712	1,712	-		
Other Post-Employment Benefits		6,635	12,482	12,160	(322)		
Retirement ADC		21,387	56,217	55,816	(401)		
Retirement Offset Contribution		195	-	-	-		
Risk Management Administration		1,063	1,894	2,056	162		
Supplemental Pension Savings Plan		3,025	5,142	5,142	-		
Unemployment Insurance		153	336	234	(102)		
Workers' Compensation		1,016	2,362	177	(2,185)		
Fringe Benefits Subtotal		\$ 41,120	\$ 100,264	\$ 95,676	\$ (4,588)		
Total Personnel Expenditures					\$ 213,778		

Guide to the Budget

Volume II

Revenue and Expense Statement

The Revenue and Expense Statement is a financial document that presents revenue, expense, reserve, and fund balance information. Revenue and Expense Statements are not provided for departments or programs within the General Fund.

Revenue and Expense Statement (Non-General Fund)

Information Technology Fund	FY2013 Actual	FY2014* Budget	FY2015 Proposed
BEGINNING BALANCE AND RESERVES			
Balance from Prior Year	\$ 1,895,827	\$ 1,223,455	\$ 1,172,067
TOTAL BALANCE AND RESERVES	\$ 1,895,827	\$ 1,223,455	\$ 1,172,067
REVENUE			
Reimbursement Between Funds/Departments	\$ 18,577	\$ 9,089,850	\$ —
Reimbursement From Other Agencies	19,268	—	—
Interest and Dividends	9,639	—	—
Transfers In	7,818,160	—	8,673,318
Capital Leases	2,531,848	—	—
TOTAL REVENUE	\$ 10,397,492	\$ 9,089,850	\$ 8,673,318
TOTAL BALANCE, RESERVES, AND REVENUE	\$ 12,293,319	\$ 10,313,305	\$ 9,845,385
OPERATING EXPENSE			
Personnel Expense	\$ 3,644,320	\$ 5,248,057	\$ 4,802,647
Non-Personnel Expense	6,231,718	4,985,247	4,547,005
TOTAL OPERATING EXPENSE	\$ 9,876,038	\$ 10,233,304	\$ 9,349,652
TOTAL EXPENSE	\$ 9,876,038	\$ 10,233,304	\$ 9,349,652
BALANCE	\$ 2,417,281	\$ 80,001	\$ 495,733
TOTAL BALANCE, RESERVES, AND EXPENSE	\$ 12,293,319	\$ 10,313,305	\$ 9,845,385

* At the time of publication, audited financial statements for Fiscal Year 2014 were not available. Therefore, the Fiscal Year 2014 column reflects final budget amounts from the Fiscal Year 2014 Adopted Budget. As such, current fiscal year balances and reserves are estimates of carryover from the previous fiscal year.



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